

KETTERING TOWN COUNCIL

REPORT FOR DECISION

Item No:- 25/013

Committee:-	COUNCIL
Date:-	14 th May 2025
Author:-	Martin Hammond, Clerk
Report Title:-	Annual Governance Statement
Wards Affected:-	None

1. Purpose of Report

To submit the internal audit report and seek approval for the annual governance statement and the statements of account for 2023/4 financial year.

2. Recommendations

Council is recommended to

- a) accept the annual internal audit report for 2024/254 financial year
- b) Approve the Annual Governance Statement for 2024/5 and authorise the Mayor and clerk to sign it
- c) Approve the Accounting Statements for 2024/25 and authorise the Mayor and clerk to sign it.
- d) Agree that the period allowed for public inspection of the accounts should run from 3rd June until 14th July 2025

3. Information

- 3.1. At the conclusion of each financial year, the Council is required to prepare and submit an Annual Governance Statement and a Statement of Accounts, which form the basis of the external audit that takes place later in the year. In doing so, the Council must have regard to the internal audit report and the auditor's confirmation as to the accuracy of the submission. The statements taken together are referred to as the AGAR (annual governance and accountability return).

- 3.2. The Internal auditor's report is attached as Appendix A to this report. It will be reviewed in detail by the Finance and Governance Committee at its next meeting
- 3.3. The attached AGAR (Appendix B) comprises two sections – one describing the Council's processes for ensuring probity and financial controls (pages 3 and 4) and the second summarising the receipts and payments made during the financial year (page 5). Both then have to be signed by the chair of the meeting and the clerk, and they must be approved in that order.
- 3.4. Once approved, the Council must publish the AGAR and other associated documents and also publish the dates during which members of the public may arrange to inspect the accounts. The documents must be submitted to the external auditors by 1st July and the period of inspection must last for a period of thirty working days including the period 1st-14th July. The material must be freely available on the Council's website.
- 3.5. These accounts have been prepared on an *income and expenditure basis* (that is, they record the payments and receipts which relate to activity in the financial year, whenever received, not simply those payments and receipts made between the start and end of the year). The Finance and Governance Committee has throughout the year, been receiving monthly and year end reports which take an income and expenditure approach, to give assurance and support financial planning,
- 3.6. It is necessary to identify and explain changes in spending for each budget heading which varies by more than 15% from the previous year. In our case, that requirement affects 4 sections of the Annual Return and reflects the fact that the Council expanded its service offer between 2023-4 and 2024-5, (on neighbourhood planning work, on town centre planting, on events and cultural spending) as well as an increase in staff hours to support that expansion. Income from the precept and other income streams more than covered those increases, such that there was a surplus at year end, which is addressed within item 2025/15 on this agenda.

4. Consultation and Engagement

This is a statutory process with opportunities for electors and taxpayers to examine the accounts once they have been available in July.

5. Finance, Legal and Resource Implications

- 5.1. The form, content and timetable for the AGAR is set out in the 2015 Audit and Accounting Regulations – regulation 11.

5.2. The Council ended the year with £388,288 in its various bank accounts, including £302,896 in reserves or for earmarked purposes. £99,000 of that is reserved for the public toilets scheme, so can be expected to be used during 2025-6. The election fund will be used up in this year to pay for the elections which have just taken place. Once year end adjustments have all been cleared through the system, the Council had, at year end:-

- £ 5,254 unspent in the lottery account
- £ 140,682 in general reserves
- £ 99,000 in the public toilets fund
- £ 63,213 in the elections reserve
- £ 80,643 in the current account; of which
 - £26,390 will be used to support the 25-26 budget
 - £54,251 will be used on service development *
 - £ 6,407 will be put into balances.*

*This last allocation is the subject of item 25/015 on this agenda.

5.3. The Council spent a total of £410,000 including VAT in the year. All VAT paid out during the course of the year has been repaid by HMRC. The total net contributions to reserves in the year was £72,000.

5.4. Income in the year comprised:-

Precept	£490,000
Markets income	£ 11,156
Allotment rents	£ 1,357
Events income	£ 6,547
Lottery supporters income	£ 5,636
Bank Interest	£ 7,024
Grants from external parties	£ 10,828
Refunds, sales and charges	£ 1,800

£534,348

6. Policy Implications

The Council's corporate plan states "*The Council will function as efficiently and effectively as it can, as a steward of the public money with which it is entrusted*".

Background Papers

Financial accounting information

AGAR advice notes and guidance

Internal audit report and commentary on draft submission.

06/05/25